

RESOLUTION NO. 75582

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH FRINGE BENEFITS MANAGEMENT COMPANY FOR FLEXIBLE SPENDING ACCOUNTS AND IRC SECTION 125 COMPLIANCE SERVICES IN AN AMOUNT NOT TO EXCEED \$4,000 FOR THE PERIOD OF JANUARY 1, 2011 TO DECEMBER 31, 2014.

WHEREAS, the City of San Jose ("City") conducted a request for proposal ("RFP") process to select a provider for administration of the City's medical reimbursement and child care reimbursement flexible spending accounts including Internal Revenue Code ("IRC") Section 125 plan compliance services for the period of January 1, 2011 through December 31, 2014; and

WHEREAS, the RFP Review Committee consisting of key stakeholders identified issues and objectives and set selection criteria; and

WHEREAS, the RFP Review Committee selected Fringe Benefits Management Company ("FBMC") to provide the City's flexible spending accounts and IRC Section 125 compliance services; and

WHEREAS, FBMC agreed to waive its administrative fee for the City's flexible spending accounts and IRC Section 125 compliance services because FBMC was also selected to serve as administrator for the City's voluntary insurance benefits program and will receive compensation in the form of broker commissions on those insurance premiums; and

WHEREAS, the City must pre-fund the medical reimbursement flexible spending accounts by one thousand dollars (\$1,000) at the beginning of each plan year to protect the accounts against any medical reimbursement requests submitted by participants prior to the City's first payroll distribution of that plan year; and

WHEREAS, the City desires to negotiate and execute an agreement with FBMC to provide flexible spending accounts and compliance management services, including IRC Section 125 plan administration;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The City Manager is hereby authorized to negotiate and execute:

1. An agreement with Fringe Benefits Management Company ("FBMC") to provide the City's medical and childcare flexible spending accounts including Internal Revenue Code Section 125 plan compliance management services for the period of January 1, 2011 to December 31, 2011, and to exercise up to three (3) one-year options to renew the agreement through December 31, 2014, for costs not to exceed \$1,000 for calendar year 2011 and with annual cost adjustments for each subsequent year based on a pre-funding requirement in the flexible spending account program, for a total amount not to exceed \$4,000 for a potential four-year term, subject to the appropriation of funds by the City Council and collective bargaining agreements where applicable; and

2. Any group plan documents, adoption agreements, Business Associate Agreements, or other ancillary agreements with FBMC that are necessary to facilitate the above agreement for flexible spending accounts and IRC Section 125 compliance management services for the period of January 1, 2011 through December 31, 2014.


ADOPTED this 5th day of October, 2010, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, HERRERA,
KALRA, LICCARDO, NGUYEN, OLIVERIO, PYLE; REED.

NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.


CHUCK REED
Mayor

ATTEST:



LEE PRICE, MMC
City Clerk